

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:43

ANSWERED ON:25.11.2005

ELECTRIFICATION OF VILLAGES

Mishra Dr. Rajesh Kumar;Yadav Shri Parasnath

Will the Minister of POWER be pleased to state:

- (a) the number and details of schemes launched by the Government for electrification of rural areas in the country;
- (b) the number of villages electrified in each State/UT during each of the last three years;
- (c) the total expenditure incurred on these schemes during the above period;
- (d) whether the Government has conducted any review of the above schemes;
- (e) if so, the outcome thereof; and
- (f) the number of villages targeted to be electrified during the next three years in each State/UT along with funds allocated for the same?

Answer

THE MINISTER OF POWER (SHRI P.M. SAYEED)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF STARRED QUESTION NO. 43 TO BE ANSWERED IN THE LOK SABHA ON 25.11.2005 REGARDING ELECTRIFICATION OF VILLAGES.

(a) : Government of India from time to time had launched the following programmes for electrification of rural areas in the country :

i) Rural Electrification under Minimum Needs Programme (MNP) - This was started in 5th Five Year Plan with rural electrification as one of the components of the programme. Under this programme funds were provided as Central assistance to the states in the form of partly grants and partly loans. Since the inception of the MNP, the component that relates to rural electrification had been set off against the loan component of MNP. The areas covered under the MNP for the purposes of rural electrification were remote, far flung and difficult villages with low load potential. As rural electrification itself is un-remunerative programme, under MNP it is more un-remunerative in State Electricity Boards and Electricity Departments. In the beginning, loans were made available at interest rates lower than the funds provided under the budgetary support for rural electrification by Government of India. However, over a period of time rate of interest charged under the MNP and the normal budgetary support made equal. With the result that State Electricity Boards had to bear the burden of higher rate of interest for these un-economical programmes. Therefore, the scheme has been discontinued from 2004 onwards and has been subsequently merged with the new scheme, Rajiv Gandhi Grameen Vidyutikaran Yojana.

ii) Pradhan Mantri Gramodaya Yojana (PMGY) -

This scheme was launched in 2000-01 but rural electrification component was added in the next financial year-2001-02. It was being implemented by State Electricity Boards/Electricity Departments/Power Utilities which were designated as implementing agencies. Funds were being released by State Government to the implementing agencies, Funds under the programme were provided to the states as Additional Central Assistance which followed the normal pattern of central assistance i.e. 90% grant & 10% loans for special category states, 30% grant & 70% loan for other states. Difficulties were faced under this scheme on account of no clear cut earmarking of percentage of funds for rural electrification. The States had discretion of utilizing the funds for different components as per their own priorities.

(iii) Kutir Jyoti Scheme -

This programme was launched in 1988-89 to provide single point light connections to households of rural families below the poverty line including harijans and adivasi families. The allocation amongst the States was based on the size of rural population below the poverty line and level of village electrification in the State, with higher weightage given to States having larger population of rural poor and low electrification levels.

(iv) Accelerated Rural Electrification Programme (AREP) -

The scheme was introduced in the year 2003-04 under which interest subsidy of 4% was to be provided on loans availed by State Governments/Power Utilities from Financial Institutions like Rural Electrification Corporation (REC), Power Finance Corporation (PFC), Rural Infrastructure Development Fund (RIDF), National Agricultural Bank and Rural Development (NABARD) etc. for carrying out rural electrification programme. The assistance was limited to electrification of un-electrified villages, electrification of hamlets/dalit bastis/tribal villages and electrification of households in villages through both conventional and non-conventional sources of energy. Funds were provided on the basis of Net Present Value (NPV) of the interest subsidies applicable on disbursement.

(v) Accelerated Electrification of One lakh villages and One crore households

Government of India in 2004-05 launched a scheme 'Accelerated Electrification of One lakh villages and One crore households' by merging the interest subsidy Scheme- AREP (Accelerated Rural Electrification Programme) and Kutir Jyoti Programme. Under this scheme there was a provision for providing 40% capital subsidy for rural electrification projects and the balance as loan Assistance on soft terms from REC.

(vi) Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) -

This Scheme of Rural Electricity Infrastructure and Household Electrification has been introduced in April, 2005 for achieving the National Common Minimum Programme objectives of providing access to electricity to all Rural Households over a period of four years. The Rural Electrification Corporation (REC) will be the nodal agency for the programme. Under this scheme 90% Capital Subsidy will be provided for RE projects for: -

(i) Creation of Rural Electricity Distribution Backbone (REDB) with one 33/11 kV (or 66/11 kV) substation in every block where it does not exist.

(ii) Creation of Village Electricity Infrastructure (VEI) for electrification of all un-electrified villages/habitations and provision of distribution transformer(s) of appropriate capacity in every village/habitation.

(iii) Decentralized Distributed Generation (DDG) and Supply System from conventional sources for Villages/Habitations where grid supply is not cost effective and where Ministry of Non-Conventional Energy Sources would not be providing electricity through their programme(s).

Balance 10% will be loan assistance on soft terms by REC. The scheme inter alia provides for financing of electrification of all un-electrified Below Poverty Line (BPL) households in all rural habitations in the country with 100% capital subsidy.

(b) : Statement showing number of villages electrified in each state during the last three years is at Annexure-I

(c) : Statement showing expenditure incurred on these schemes during the above period is at Annexure-II.

(d) : Yes, Sir, the Government has been reviewing the scheme from time to time and it has been felt that :

(i) The pace and direction of rural electrification was left to the states and that had a decelerating effect on rural electrification.

(ii) Funds did not reach the implementing agencies in time.

(iii) State utilities were in bad financial health and were unable to provide support to the schemes.

(iv) State Electricity Boards were reluctant to take up rural electrification as it would lead to more losses.

(v) The revenue sustainability of the additional electrification infrastructure was not being taken in to account to service the debts and to recover the cost of the investment made in the infrastructure.

(vi) The State Utilities did not have adequate man power in rural areas for maintenance of rural electricity infrastructure so created.

(e) : Taking into consideration the above difficulties 'Accelerated Electrification of one lakh villages and one crore households' was introduced in 2004-05 which subsumed the earlier schemes of AREP and Kutir Jyoti and funds under MNP were not provided in 2004-05, for rural electrification programme. This scheme had 40% subsidy as grant and balance 60% as loan. Even with 40% grant and 60% loan, states were reluctant to implement rural electrification schemes. Accordingly, a new scheme, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for creating rural electricity infrastructure and household electrification was conceived by the government and launched in April, 2005. Under this scheme 90% grant as capital subsidy and remaining 10% as soft loan from REC has been provided. Rural Electrification component under PMGY has been discontinued in 2005- 06 while Kutir Jyoti Scheme has been merged with RGGVY.

(f) : The scheme aims at electrifying all un-electrified villages over a period of four years. Village electrification, year-wise, is targeted as below:

Tenth Plan I Year (2005-06) -	10,000
II Year (2006-07) -	40,000
Eleventh Plan III Year (2007-08) -	40,000
IV Year (2008-09) -	10,000
Total -	1,00,000

A list of state-wise un-electrified villages, which are to be electrified and un-electrified households is at Annexure-III. This does not

include electrification of villages through non-conventional energy sources, being implemented by Ministry of Non-Conventional Energy Sources.

An outlay of Rs.16,000 crore for this scheme over four years period has been envisaged. States have been advised to prepare the Detailed Project Reports as per the guidelines under RGGVY and submit the same to REC.

Sanctions of scheme for rural electrification is dependent on detailed scrutiny by REC.

Based on the proposals received from the states and on scrutiny by REC, Rs.5861 crore have been sanctioned for 182 districts, the details of which are in Annexure-IV.